

CalWORKs Benefit Model

Background

The CalWORKs benefit model shows the benefit package available to CalWORKs families. We chose to model a family of three, a parent with two minor children, because that is the size of the typical CalWORKs family. The benefits displayed in the model are from the following programs:

- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Food Stamps
- Medi-Cal
- Subsidized Child Care
- Federal Earned Income Tax Credit (EITC)

Earned income changes the benefits of these programs. The model displays the amount of the cash equivalent for each of the programs based on \$100 increments of monthly earnings ending at a maximum amount of \$2,000. We chose to display earnings of \$1515 rather than \$1500 because a family of three becomes ineligible for a CalWORKs' grant at that level of earned income.

The model consists of the following:

- A bar chart displaying the values of the various benefits based on escalating increments of \$100 in the family's gross earned income; and
- A matrix displaying the numeric values of these same benefits.

Assumptions

In constructing this model we have used the following data:

- The CalWORKs grant is based upon the maximum aid payment (MAP) for a family of three in Region 1 of California for state fiscal year 2000-2001.
- The value for Medi-Cal coverage (\$121 per person) is based upon values developed by the Fiscal Forecasting Bureau of the Department of Health Services for the Governor's Budget released in January 2001.
- The value of subsidized child care is based upon cost estimates developed by the Estimates Branch of the Department of Social Services for the Governor's Budget released in January 2001.
- EITC is displayed as a monthly amount. However, most families that receive EITC receive it once a year as a lump sum payment.
- Net earnings are earnings after Social Security, Medicare, and federal income tax deductions.

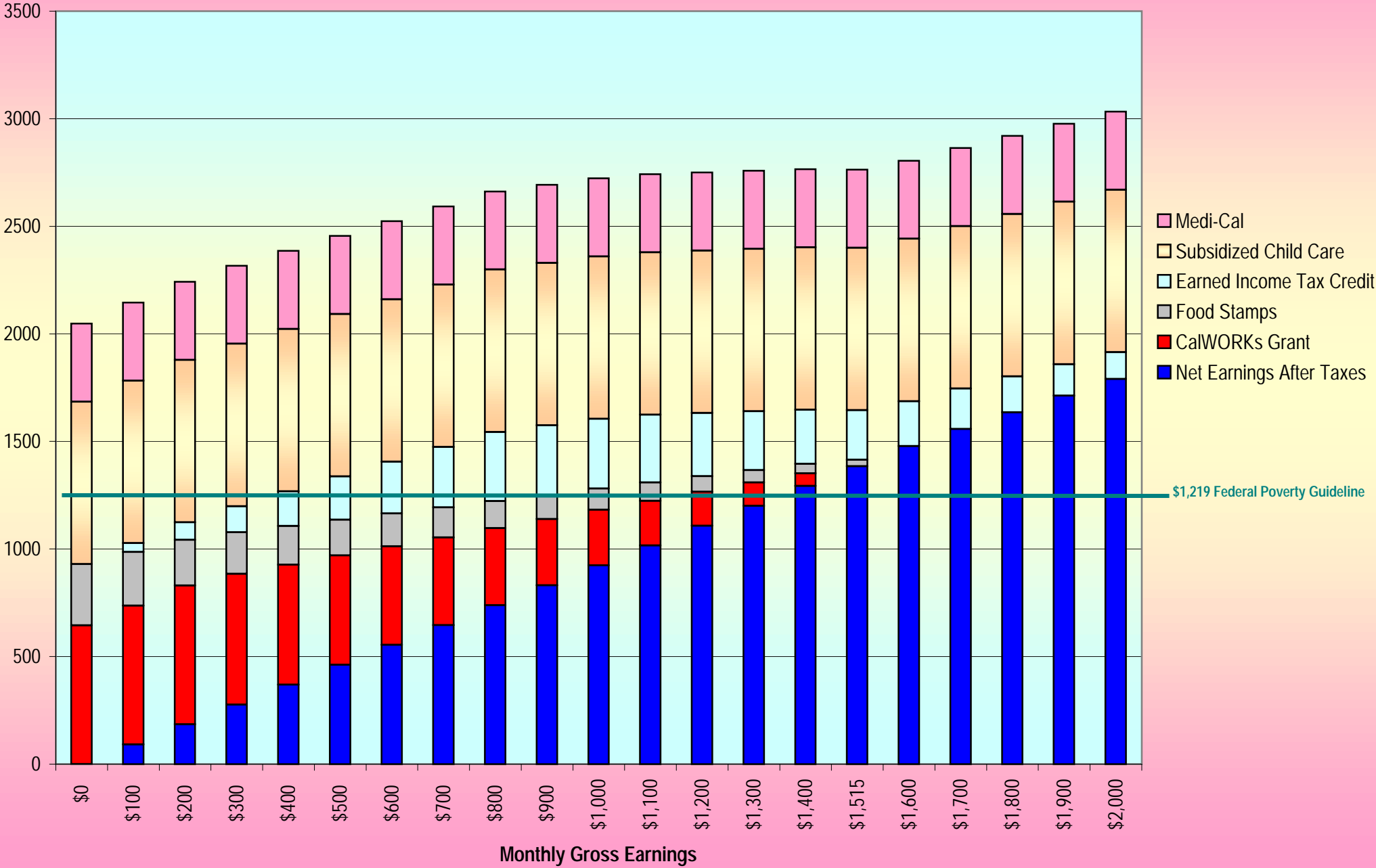
Highlights

- A CalWORKs family with monthly earnings of \$500 or more is eligible for more in benefits from EITC than from the Food Stamp program.
- A CalWORKs family comprised of an aided parent and two aided children become income ineligible for a CalWORKs grant when their monthly earned income is \$1,515 (approximately \$8.75 an hour) or greater. This level of income is \$296 higher than the Federal Poverty Level for a family of three (\$1,219).
- Although the computation of the Federal Poverty Level does not include public assistance benefits, the sum of the values of the various benefits and family earnings exceed the Federal Poverty Level at every earnings increment used in the model.
- A CalWORKs family's total benefits plateau from the earnings level of \$800 (\$2,662 total benefits) to the earnings level of \$1,515 (\$2,763 total benefits). This plateau effect is the result of the declining values in Food Stamp benefits and EITC benefits.

CalWORKs Benefit Model

(Family of Three Aided Persons)

Total
Benefit
Value



CalWORKs Benefit Model Matrix

	\$0	\$100	\$200	\$300	\$400	\$500	\$600	\$700	\$800	\$900	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,515	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000
Net Earnings After Taxes	0	92	185	277	369	462	554	646	739	831	924	1,016	1,108	1,201	1,293	1,385	1,478	1,558	1,635	1,713	1,790
CalWORKs Grant	645	645	645	608	558	508	458	408	358	308	258	208	158	108	58	0	0	0	0	0	0
Food Stamps	285	249	213	193	180	166	153	139	126	112	99	85	72	58	45	30	0	0	0	0	0
Earned Income Tax Credit	0	41	81	121	161	201	241	281	321	324	324	315	294	273	251	230	209	188	167	146	125
Subsidized Child Care	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755	755
Medi-Cal	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363
Total Benefits	2048	2145	2242	2317	2386	2455	2524	2592	2662	2693	2723	2742	2750	2758	2765	2763	2805	2864	2920	2977	3033